



U.S. Department of Justice

**Stephen J. Murphy
United States Attorney
Eastern District of Michigan**

*Suite 2001
211 West Fort Street
Detroit, Michigan 48226-3277
Fax: (313) 226-3561*

For Immediate Release:

Contact: Gina Balaya (313) 226-9758

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EVENT: Sentencing

Defendant: Patrick Kalahar

MERRILL, MICHIGAN MAN SENTENCED FOR FEDERAL BANK FRAUD

A 47-year-old Merrill, Michigan man was sentenced on August 30, 2007 to 18 months in federal prison following his conviction last April for bank fraud, United States Attorney Stephen J. Murphy announced today.

Murphy was joined in the announcement by Supervisory Senior Resident Agent John Cecil of the Federal Bureau of Investigation.

Kalahar was sentenced in U.S. District Court by Judge Thomas L. Ludington. In addition to the prison sentence, Judge Ludington ordered Kalahar to pay restitution of \$63,860.72, to Credit Union Plus.

Kalahar had been found guilty of three counts of bank fraud and two counts of bankruptcy fraud at the conclusion of a four-day jury trial last April in Bay City. A month following the trial, Judge Ludington granted a defense motion to dismiss all but one bank fraud count.

"Fraudulent schemes that victimize financial institutions impact not only the institution, but other consumers and confidence in the banking system as well. My office will continue to vigorously pursue corrupt schemes such as the one that resulted in this conviction." United States Attorney Murphy said.

The evidence presented at trial showed that Kalahar, who had been the Chief Executive Officer of Credit Union Plus in Bay City for a number of years in the 1990s, left that position in 1999 to go into private business. He continued to maintain several personal accounts at the credit union, however, as well as several business accounts.

In 2004, Kalahar was the sole owner and manager of Kalahar Mobility, LLC, Bay City, which converted and outfitted motor vehicles for use by the disabled. In late July of 2004, Kalahar knowingly authorized the deposit of a \$63,860.72 check from his investment company on which there was a stop payment in place.

After serving his federal imprisonment term of 18 months, Kalahar will be on supervised release for an additional three years. Kalahar had been on bond until August 23, 2007, when his bond was revoked after several court-ordered drug tests revealed that he had been using cocaine while on bond. Judge Ludington also ordered Kalahar to file all required state and federal income tax returns for 2004 and 2005, and to pay any taxes due after his release from prison. Evidence presented during his sentencing disclosed that Kalahar had not filed any returns for those years.

Murphy commended the work of the agents of the Federal Bureau of Investigation in the investigation, and the office of the U.S. Bankruptcy Trustee.